Newsitem regarding market entry norms for Banks

3020. SHRI SATISH AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the newsitem appearing in the Business Standard of 27th June, 1996 under the caption market entry norms to be eased for banks;

(b) if so, what are the new guidelines/ instructions in the matter; and

(c) how far it will affect the Corporate sector in raising finances?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Yes, Sir.

(b) Securities & Exchange Board of India (SEBI) has revised its guidelines dated 17.4.96 vide their notification dated 17.7.96 regarding public issue in the case of (i) banking companies set up under sub-section (c) of Section 5 of Banking Regulations Act, 1949 and which has received "in principle" approval or licence from Reserve Bank of India (RBI) on or before 16.4.96 and (ii) a corresponding new bank set up under Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980. State Bank of India Act, 1955 and State Bank of India (Subsidiaries) Act, 1959. The revised guidelines issued by SEBI will enable the newly set up private sector banks and those who have been issued in principle approval prior to 17.4.96 to tap the capital market and to get their shares listed in Stock Exchanges in comliance with the RBI licencing conditions without waiting for three year track record of dividend payment out of the immediately preceeding five years. Similarly, public sector banks who propose to make public issue of their equity will also be eligible to make public issue and price their equity on a premium. The criteria of three year track record of consistent profitability for freepricing of the issue shall be two years in case of public sector banks.

(c) As regards the effect of SEBI guidelines on corporate sector, RBI have no information.

The House then adjourned at thirty three minutes past eleven of the clock.

The House reassembled at one minute past twelve of the clock.

The Deputy Chairman in the Chair.

12.00 NOON

THE DEPUTY CHAIRMAN: Hon. Members, there is some discussion taking place in the hon. Chairman's chamber on the issue which was raised during the Question Hour. I am instructed by the hon. Chairman to adjourn the House until 2.00 p.m. I, therefore, adjourn the House until 2.00 p.m.

The House then adjourned at one minute past twelve of the clock.

The House reassembled at two of the clock, **The Deputy Chairman** in the Chair.

2.00 P.M.

श्री विष्णु कान्त शास्त्री: महोदया, यह जो लोकतंत्र की हत्या हुई ... (व्यवधान) ...

THE DEPUTY CHAIRMAN: I will adjourn the House. ... (*Interruptions*) ... You go back to your seats. ... (*Interruptions*) ... I am willing to adjourn the House; then why this slogan shouting? ... (*Interruptions*) ...Why should we take our House to that level? ... (*Interruptions*) ... It is not for them to decide; it is for the Chair to decide. ... (*Interruptions*) ... Just one second, please. ... (*Interruptions*) ... I will adjourn the House after you go back to your seats ... (Interruptions) ... I agree with whatever you are saying. ...(*Interruptions*)... You are very unhappy; I know it ... (*Interruptions*) ... I agree ... (*Interruptions*) ...You go back to your seats. ... (*Interruptions*) ...Why should we do the same thing here? — (व्यवधान) ...

आप अपनी जगह पर जाइए ... (व्यवधान) ... शास्त्री जी, अगर आप आज काम नहीं करना चाहते हैं तो हाऊस ऐडजार्न कर देंगे। जनतंत्र की हत्या हम तो न करें ... (व्यवधान) ... अगर डिस्कशन नहीं करना है, काम नहीं